RECORD AND BRIEF

FILED
AUG 31 2017
OFFICE OF THE CLERK
SUPREME COURT, U.S.

No. 16-712

In the Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC, PETITIONER,

v.

GREENE'S ENERGY GROUP, LLC, ET AL., RESPONDENTS.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF FOR *AMICI CURIAE* ABBVIE, INC., ALLERGAN, INC., AND CELGENE CORP. IN SUPPORT OF PETITIONER

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BRIEF FOR *AMICI CURIAE* ABBVIE, INC., ALLERGAN, INC., AND CELGENE CORP. IN SUPPORT OF PETITIONER

INTEREST OF *AMICI CURIAE*[1]

AbbVie, Inc. ("AbbVie") is a global, research-based biopharmaceutical company formed in 2013. The company's mission is to develop and market advanced therapies that address some of the world's most complex and serious diseases. Together with its wholly-owned subsidiary, Pharmacyclics, AbbVie employs approximately 29,000 people worldwide and markets medicines in more than 170 countries. Through a targeted, patient-centric approach to research and development, AbbVie accelerates new scientific discoveries to address some of the most complex diseases and contribute to the sustainability of health care systems around the world.

Allergan, Inc. ("Allergan") is a leading global pharmaceutical company focused on developing, manufacturing, and commercializing innovative pharmaceutical drugs, medical devices, and biologic products for patients in the United States and throughout the world. Allergan has developed and currently markets a portfolio of leading brand and best-in-class therapeutic products for the central nervous system, eye care, gastroenterology, medical aesthetics, dermatology, women's health, urology, and anti-infective medicine. With more than 18,000 employees, Allergan is creating one of the broadest pharmaceutical pipelines in the industry.

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[1] No counsel for a party authored this brief in whole or in part, and no counsel or entity other than *amici curiae* and their counsel made a monetary contribution to the preparation or submission of this brief. The parties have consented to this filing.

Celgene Corporation ("Celgene") is an integrated global biopharmaceutical company engaged in the discovery, development, and commercialization of innovative therapies for the treatment of cancer and immune-inflammatory related diseases through next-generation solutions in protein homeostasis, immuno-oncology, epigenetics, immunology, and neuro-inflammation. Celgene employs more than 7,000 people worldwide, with facilities across the United States and abroad. Committed to improving the lives of patients worldwide, the company seeks to deliver truly innovative and life-changing treatments.

AbbVie, Allergan, and Celgene have a significant interest in this case because each relies on patent protection in the discovery, development, manufacturing, and sale of its products. Inconsistency and instability in the federal patent system impair these companies' efforts to innovate. Section 6 of the America Invents Act of 2011—which created the *inter partes* review process at the United States Patent and Trademark Office and allows third parties to challenge patent validity in an administrative forum *after* a patent has issued—undermines the goal of a predictable and reliable patent process in this country. *Inter partes* review under the Act thus harms pharmaceutical companies that invest significant resources to develop innovative, life-saving drugs, as well as the public at large, whose welfare depends on the advancements in medical science that can only be developed under an incentive regime based on stable patent rights.

SUMMARY OF ARGUMENT

The text of the Constitution and a historical analysis of the treatment of patents compel the conclusion that *inter partes* review is unconstitutional because patent rights are private rights that must be adjudicated by an Article III court.

As this Court's cases have made clear, private rights generally must be adjudicated by an Article III court, whereas public rights can be adjudicated in other forums, such as "'legislative' courts." *Stern v. Marshall*, 564 U.S. 462, 485 (2011). In drawing the line between private and public rights, the Court has consistently emphasized the importance of history.

The historical treatment of patent rights compels the conclusion that patent rights are private rights. Case law from the Founding period demonstrates that patent rights have consistently been treated as private property rights, traditionally adjudicated by courts and juries. Dating back to eighteenth-century England, juries sitting in courts at law decided disputed factual issues concerning patent validity. And concurrent practice at the Nation's Founding followed suit.

The text of the Constitution memorialized this understanding of patent rights. The Intellectual Property Clause grants Congress the power "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, §8, cl. 8. The Constitution thus prescribes that patent rights are "exclusively" held rights—that is, "exclusive of the government of the United States as well as of all others," *Hollister v. Benedict & Burnham Mfg. Co.*, 113 U.S. 59, 67 (1885)—and "secured" to and privately owned by inventors. And while Congress is authorized to establish the methods by which patent rights are "secured," the Constitution does not vest Congress with similarly sweeping authority to route patent-validity disputes to a non-Article III forum without the consent of the patentee.

Congress's early exercises of its constitutional power under the Intellectual Property Clause reflect its understanding that patents create private property rights. For example, the earliest versions of the Patent Act provided that patents secure "sole and exclusive" property rights. Following Congress's lead, this Court has likewise treated patents as "inchoate and indefeasible property," *Evans v. Jordan*, 8 F. Cas. 872, 873 (C.C.D. Va. 1813) (Marshall, Circuit Justice), *aff'd*, 13 U.S. (9 Cranch) 199 (1815), entitled to "protection as any other property." *Seymour v. Osborne*, 78 U.S. (11 Wall.) 516, 533 (1870).

In short, the historical treatment of patent rights as private rights compels the conclusion that patent rights must be adjudicated in Article III courts.

ARGUMENT

I. Private Rights Must Be Adjudicated By An Article III Court

Disputes concerning private rights generally must be adjudicated by an Article III court, whereas public rights can be adjudicated in other forums, such as "'legislative' courts." *Stern*, 564 U.S. at 485 . This fundamental "distinction between 'public rights' against the Government and 'private rights' between private parties is well established." *United States v. Jicarilla Apache Nation*, 564 U.S. 162, 174 (2011).

In *Murray's Lessee v. Hoboken Land & Improvement Co.*, this Court first recognized that Congress may not "withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty." 59 U.S. (18 How.) 272, 284 (1855). The Court thus distinguished suits involving private rights from those "matters, involving public rights, which may be presented in such form that the judicial power is capable of acting on them . . . but which congress

may or may not bring within the cognizance of the courts of the United States, as it may deem proper." *Id.*

This Court has repeatedly reaffirmed the foundational principle of *Murray's Lessee* affording heightened protection for private rights. *See, e.g., Stern*, 564 U.S. at 484 ("Congress may not 'withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.'" (quoting *Murray's Lessee*, 59 U.S. at 284)); *see also Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 55-56 (1989) (holding that fraudulent conveyance actions brought by bankruptcy trustees must be decided by an Article III court because they are "quintessentially suits at common law"). "When a suit is made of 'the stuff of the traditional actions at common law tried by the courts at Westminster in 1789,' and is brought within the bounds of federal jurisdiction, the responsibility for deciding that suit rests with Article III judges in Article III courts." *Stern*, 564 U.S. at 484 (quoting *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 90 (1982) (Rehnquist, J., concurring in judgment)).

While "the three branches are not hermetically sealed from one another," *Stern*, 564 U.S. at 483, maintaining the integrity of this system of separated powers is essential to protecting individual liberty. As this Court has noted, "Article III is 'an inseparable element of the constitutional system of checks and balances' that 'both defines the power and protects the independence of the Judicial Branch.'" *Id.* at 482-83 (quoting *N. Pipeline*, 485 U.S. at 58 (plurality opinion)). These basic limitations do not just "protect each branch of government from incursion by the others"—they "protect the individual as well.'" *Id.* at 483 (quoting *Bond v. United States*, 564 U.S. 211, 222 (2011)). This Court has thus emphatically rejected attempts to unduly expand the category of public

rights, lest "the guardian of individual liberty and separation of powers we have long recognized" be transformed "into mere wishful thinking." *Stern*, 564 U.S. at 495.

The Court has also zealously guarded the line between private and public rights, with few exceptions. "[P]rivate-rights disputes . . . lie at the core of the historically recognized judicial power." *N. Pipeline*, 458 U.S. at 70 (plurality opinion). Accordingly, even "slight encroachments" by the Executive Branch into this judicial territory pose a grave threat to the separation of powers. *Stern*, 564 U.S. at 502-03 (citation and internal quotation marks omitted).

The few cases in which this Court has allowed non-Article III tribunals to adjudicate private rights involved narrow administrative schemes with proceedings that did not closely resemble trials—the core of the Article III power. In *Crowell v. Benson*, for example, this Court approved an administrative system for determining maritime employee compensation claims, even though these claims were "of private right." 285 U.S. 22, 51 (1932). But as this Court recently reminded, *Crowell* concerned an administrator with "only limited authority to make specialized, narrowly confined factual determinations regarding a particularized area of law and to issue orders that could be enforced only by action of the District Court." *Stern*, 564 U.S. at 489 n.6 (citing *Crowell*, 285 U.S. at 38, 44-45, 54). In fact, the governing statute "where it applie[d], establishe[d] the measure of the employer's liability," so the only task left for the administrator was the ministerial calculation of damages. *Crowell*, 285 U.S. at 54.

Similarly, in *Commodity Future Trading Commission v. Schor*, this Court held that the CFTC could resolve a broker's common law counterclaim against a customer who had, in turn, brought an administrative claim

against the broker for reparations. 478 U.S. 833 (1986). Although the broker's counterclaim was a "'private' right for which state law provides the rule of decision," *id.* at 853, this Court highlighted that the CFTC had jurisdiction over only "a specific and limited federal regulatory scheme" and, like the administrator in *Crowell*, its orders were "enforceable only by order of the district court." *Id.* at 852-855. In addition, the Court relied "heavily on the importance" of the key fact that both parties had *consented* to the jurisdiction of the CFTC. *Wellness Int'l Network, Ltd. v. Sharif*, 135 S. Ct. 1932, 1943 (2015). As this Court explained, any "separation of powers concerns [were] diminished" because "the decision to invoke this forum [was] left entirely to the parties." *Schor*, 478 U.S. at 855.

Inter partes review, however, is far more than a "slight encroachment" upon Article III—rather, "this wolf comes as a wolf," *Morrison v. Olson*, 487 U.S. 654, 699 (1988) (Scalia, J., dissenting). *Inter partes* review uses a trial-like procedure to resolve questions of patent validity that were almost exclusively resolved by Article III courts during the first 200 years of the Nation's history. Indeed, this process "presents all the features of a civil case—a plaintiff, a defendant, and a judge—and deals with a question judicial in its nature, in respect of which the judgment of the court is final." *United States ex rel. Bernardin v. Duell*, 172 U.S. 576, 588 (1899). Unlike the limited administrative schemes discussed above, *inter partes* review adjudicates the validity of the patent itself, in a final and binding manner (and regardless of the objections of affected parties). Because *inter partes* review "involves the most prototypical exercise of judicial power," *Stern*, 564 U.S. at 494, it violates the Constitution if it extinguishes private property rights through a non-Article III forum. As demonstrated below, the historical

treatment of patent rights confirms that they are a species of private property entitled to Article III's protections.

II. The Historical Treatment Of A Right Is Key To Determining Whether It Is Private Or Public.

Historical treatment of a right is a key factor in determining whether it is a private right entitled to Article III adjudication. More than a century ago, in *Murray's Lessee*, the Court looked to the law of England and the United States at the Founding to determine whether the type of claim at issue was typically heard by a court, or was a public right. 59 U.S. at 280-82. Likewise, the plurality in *Northern Pipeline* described the public-rights doctrine as being "grounded in a historically recognized distinction between matters that could be conclusively determined by the Executive and Legislative Branches and matters that are inherently . . . judicial." 458 U.S. at 68 (plurality opinion).

The Court has continued to focus on history. In *Stern v. Marshall*, for example, the Court canvassed its precedents and observed that public rights were those that "'historically could have been determined exclusively'" by the executive or legislative branches. 564 U.S. at 485 (quoting *N. Pipeline*, 458 U.S. at 67-68 (plurality opinion)). In a concurring opinion, Justice Scalia made the point even more forcefully: "in my view an Article III judge is required in *all* federal adjudications, unless there is a firmly established historical practice to the contrary." *Stern*, 564 U.S. at 504-05 (Scalia, J., concurring); *accord Granfinanciera*, 492 U.S. at 66 (Scalia, J., concurring) ("The notion that the power to adjudicate a legal controversy between two private parties may be assigned to non-Article III, yet federal, tribunal is entirely inconsistent with the origins of the public rights doctrine.").

Further, the Court in *Stern* based its decision on the historical treatment of the claim at issue there—a tortious interference counterclaim. The Court held the claim involved a private right because it was not a claim that "'historically could have been determined exclusively by'" the other branches. 564 U.S. at 493 (quoting *N. Pipeline*, 458 U.S. at 68 (plurality opinion)). The Court also noted that "property cases" do not fall within the "public rights exception"—*i.e.*, a category of cases involving the determination of public rights that Congress could constitutionally assign to non-judicial bodies for resolution. *Stern*, 564 U.S. at 490 (quoting *Atlas Roofing Co. v. Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 458 (1977)).

III. Patent Rights And Their Predecessors Have Been Treated As A Species Of Private Property Rights For Centuries.

The earliest English patent scheme, which predated the U.S. Constitution by some 200 years, was by all accounts a system for exercising royal prerogative. By contrast, the practice that ultimately emerged in this country conceived of patents not as case-specific policy tools of the executive, but rather as ownership rights, governed by a general universal statutory scheme. But a review of the historical record on both sides of the Atlantic confirms that the Founders conceived of patent rights as a species of private property.

A. The Evolution Of The English Patent System Supports The Conclusion That Patent Rights Are Private Rights.

Early English patents were, in essence, instruments for exercising royal power, granted by and at the discretion of the monarchy based on specific policy decisions. *See* Oren Bracha, *Owning Ideas: A History of Anglo-*

American Intellectual Property 10-11 (June 2005) (unpublished Ph.D. thesis, Harvard Law School), *available at* https://law.utexas.edu/faculty/obracha/dissertation/ ("Bracha"). These "patents for invention" came into widespread use in England in the sixteenth century and can be conceptualized as unique arrangements in which the patentee offered particular benefits such as the introduction of a new trade or industry and was compensated with a "matching tailored set of exclusive privileges." *Id.* at 17. Indeed, a common feature of early patents was that "they all granted exclusivity in the exercise of some trade or economic activity for a limited period." *Id.* at 16. In that early period, decisions regarding patents were made by the crown or its Privy Council, a body of royal advisors who retained the principal power to revoke patents after issuance. *See* Mark A. Lemley, *Why Do Juries Decide if Patents Are Valid?*, 99 Va. L. Rev. 1673, 1681-82 (2013) ("Lemley").

The Statute of Monopolies of 1624 put important limits on the royal prerogative—such as requiring disputes over patent validity to be tried at common law—but implementation was a century-long process. Bracha, *supra*, at 24-25; *see also* 21 Jac. I, c.3, § 2. For instance, the Privy Council did not relinquish its jurisdiction until the eighteenth century. *See Adam Mossoff, Rethinking the Development of Patents: An Intellectual History, 1550-1800*, 52 Hastings L.J. 1255, 1285-87 (2001) ("Mossoff"). Specifically, in 1753, the Privy Council granted concurrent jurisdiction to the courts over patent validity. *Id.* at 1286; Lemley, *supra*, at 1683. This shift gave courts the power to hear cases of patent validity and ultimately revoke a patent through a *scire facias* proceeding, which functioned like a modern-day order to show cause, in which the patent owner was required to appear in court and defend the patent. By the end of the eighteenth century, the crown and its Privy Council had largely ceded

jurisdiction over patent validity to the courts. Lemley, *supra*, at 1683-84.

Thus, by the eighteenth century in England, royal power over patents (and the concept of patents as discretionary policy instruments of the crown) was eroding, and adjudication of patents by courts—both equity and law courts—had become common. It had also become common practice for English courts to put questions of patent validity to juries for adjudication. Records from the eighteenth century demonstrate that by that time, juries decided issues of patent validity in a wide variety of proceedings, including patent prosecution, *scire facias* actions to revoke a patent, and in private infringement cases both for damages and for equitable relief. *See* Br. For H.T. Gómez-Arostegui & S. Bottomley as *Amici Curiae* at 2; Lemley, *supra*, at 1684-91; Mossoff, *supra*, at 1292-1313; *see also, e.g.*, *Boulton v. Bull*, 126 Eng. Rep. 651, 656, 660 (C.P. 1785) (jury adjudicated questions of novelty and adequacy of specification); *Arkwright v. Nightingale*, Dav. P.C. 37, 52-53 (C.P. 1785) (jury trial finding specification of patent sufficient); *Rex v. Arkwright*, 1 Carp. P.C. 53, 93-101 (K.B. 1785) (chancery court seeking jury determination of factual issues underlying a *scire facias* petition, with Justice Buller instructing the jury on sufficiency of the patent specification and novelty of the invention); *Liardet v. Johnson*, 62 Eng. Rep. 1000, 1001-02 (Ch. 1780) (two separate jury trials held before Lord Mansfield in which jury determined patent validity after chancery court referred the matter to the Court of King's Bench).

English practice thus evolved into a system in which patents were commonly adjudicated by courts at law and by juries, rendering that system "'the stuff of the traditional actions at common law tried by the courts at Westminster in 1789.'" *Stern*, 564 U.S. at 484 (quoting *N. Pipeline*, 458 U.S. at 90 (Rehnquist, J., concurring in judgment)).

B. Article I Authorizes Congress To "Secure" Patent Rights, Which The Founders Understood To Be Private Rights.

Whereas the English system of the sixteenth and seventeenth centuries was a tool for exercising royal prerogative, which evolved to a private property orientation over time, the practice that emerged in the United States was based on the Constitution and viewed patents as exclusive grants of property. As this Court explained in 1881, "The government of the United States, as well as the citizen, is subject to the Constitution; and when it grants a patent the grantee is entitled to it as a matter of right, and does not receive it, as was originally supposed to be the case in England, as a matter of grace and favor." *James v. Campbell*, 104 U.S. 356, 358 (1881); *accord Belknap v. Schild*, 161 U.S. 10, 15-16 (1896) ("[I]n this country, letters patent for inventions are not granted in the exercise of prerogative, or as a matter of favor, but under article 1, §8, of the constitution of the United States . . . . And this court has repeatedly and uniformly declared that the United States have no more right than any private person to use a patented invention without license of the patentee or making compensation to him." (citations omitted)).

The treatment of patents since the Founding further establishes that they are private rights, because the Framers, Congress, and this Court have always treated patent rights as "property rights," which are "traditionally included" as "private rights." *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1551 (2016); *see also, e.g., Whitney v. Emmett*, 29 F. Cas. 1074, 1080 (C.C.E.D. Pa. 1831) (Baldwin, Circuit Justice) (charging jury that a patent infringement dispute concerns "a question of property, of private right, unconnected with the public interest, and without any reference to the public, unless a case is made out of a design

to deceive them.") (Baldwin, Circuit Justice); *Atlas Roofing*, 430 U.S. at 458 ("Our prior cases support administrative factfinding in only those situations involving 'public rights,' e.g., where the Government is involved in its sovereign capacity under an otherwise valid statute creating enforceable public rights. Wholly private tort, contract, and property cases, as well as a vast range of other cases as well are not at all implicated."); *Granfinanciera*, 492 U.S. at 51 (same); *Wellness Int'l Network*, 135 S. Ct. at 1963 (Thomas, J., dissenting) ("Disposition of private rights to life, liberty, and property falls within the core of the judicial power, whereas disposition of public rights does not.").

1. The Intellectual Property Clause confirms that the Framers intended patent rights to be exclusive property rights. That Clause grants Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. Art. I §8, cl. 8.[2] At the time of the

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[2] The language of the Intellectual Property Clause is itself significant, describing an exclusive "Right." In constitutional interpretation, a guiding principle is that "[t]he Constitution was written to be understood by the voters; its words and phrases were used in their normal and ordinary as distinguished from technical meaning." *District of Columbia v. Heller*, 554 U.S. 570, 576 (2008) (alteration in original) (quoting *United States v. Sprague*, 282 U.S. 716, 731 (1931)). At the time of the Founding, the word "right" was understood to mean "[t]hat which justly belongs to one," "[p]roperty; interest," or "[p]ower; prerogative." Samuel Johnson, *A Dictionary of the English Language* (10th ed. 1792). Had the Framers intended to suggest that patents have lesser protection than a "right," they would have used different language. *See Wright v. United States*, 302 U.S. 583, 588 (1938) ("To disregard such a deliberate choice of words and their natural meaning would be a departure from the first principle of constitutional interpretation." (citing *Holmes v. Jennison*, 39 U.S. (14 Pet.) 540, 570-71 (1840))); *cf. Russello v. United States*, 464 U.S. 16,

Founding, dictionaries defined the word "secure" as "to protect" or "make safe." *See, e.g.*, Johnson, *supra*; Thomas Sheridan, *A Complete Dictionary of the English Language* (3d ed. 1790); John Walker, *A Critical Pronouncing Dictionary* (1791). And this Court has confirmed that the Constitution uses the word "secure" in this manner in both the Intellectual Property Clause, *see Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 660 (1834) ("This word [i.e., secure], when used as a verb active, signifies to protect, insure, save, ascertain, &c."), and the preamble, *see Hague v. Comm. for Indus. Org.*, 307 U.S. 496, 526-27 (1939) ("The preamble of the Constitution, proclaiming the establishment of the Constitution in order to 'secure the Blessings of Liberty', uses the word 'secure' in the sense of 'protect' or 'make certain'."). The use of the phrase "'to secure a right' by no possible implication carries with it the opposite power of destroying the right in whole or in part" after the right has been secured. *McKeever v. United States*, 14 Ct. Cl. 396, 420-21 (1878) (interpreting the Intellectual Property Clause).

Indeed, the Framers' use of the word "secure"—as opposed to a broader term, such as "regulate" or "make rules," which appear elsewhere in Article I—suggests that the role envisioned for Congress with respect to pa-

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23 (1983) ("[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." (alteration in original) (quoting *United States v. Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972) (per curiam))). For example, the Framers could have used the word "benefit" as opposed to "right." At the time, "benefit" was understood to mean "[a] kindness; a favour conferred" or an "[a]dvantage; profit [or] use." Johnson, *supra*. Moreover, the exclusive "Right" provided for in the Intellectual Property Clause is the first and only time the term appears in the original Constitution.

tents was relatively limited. *See Martin v. Hunter's Lessee*, 14 U.S. (1 Wheat.) 304, 334 (1816) (Story, J.) ("From this difference of phraseology, perhaps, a difference of constitutional intention may, with propriety, be inferred. It is hardly to be presumed that the variation in the language could have been accidental."). If the Framers had intended Congress to have broad authority over already-secured patent rights, they surely knew how to make that intention clear by using a term other than "secure." *See Wright*, 302 U.S. at 588 (citing *Holmes*, 39 U.S. at 570-71).

2. The Framers' contemporaneous writings, and Congress's early exercise of its constitutional power regarding patents, are consistent with an understanding of patent rights as a species of private property entitled to protection from the courts. For example, in the Federalist Papers, James Madison explained that "[t]he copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions [i.e., patents] seems with equal reason to belong with the inventors." The Federalist No. 43 (James Madison). Other portions of the Federalist Papers further underscored the importance of protecting property rights. *See, e.g.*, The Federalist No. 10 (James Madison) ("The diversity in the faculties of men, from which the rights of property originate, is not less an insuperable obstacle to a uniformity of interests. The protection of these faculties is the first object of government."); The Federalist No. 54 (Alexander Hamilton or James Madison) (describing government as instituted "for protection of the property").

Congress's early exercise of its constitutional power regarding patents also reflects its understanding that patents create private property rights, not public rights. *See Printz v. United States*, 521 U.S. 898, 905 (1997) ("[E]arly congressional enactments 'provid[e] contemporaneous and weighty evidence of the Constitution's meaning.'" (second alteration in original) (quoting *Bowsher v.*

Synar, 478 U.S. 714, 723-24 (1986))). The Patent Act of 1790 provided that patents secure "the sole and exclusive right and liberty of making, constructing, using and vending to others to be used, the said invention or discovery." Patent Act of 1790, ch. 7, § 1, 1 Stat. 109, 110 (Apr. 10, 1790). When a new version of the Patent Act was passed three years later, Congress was explicit that this "sole and exclusive right" was a property right. The Patent Act of 1793 provided that, upon application to the Secretary of State for "an exclusive property" in a new and useful invention, the Secretary would issue a patent securing "the full and exclusive right and liberty" of making, using, and selling the invention. Patent Act of 1793, ch. 11, § 1, 1 Stat. 318, 320-21 (Feb. 21, 1793).[3]

Neither version of the Patent Act allowed a member of the Executive Branch to vacate or cancel a patent. As Chief Justice Marshall explained in *Grant v. Raymond*, the Secretary—as a member of the Executive Branch—could not "decide those *judicial* questions on which the validity of [a] patent depends." 31 U.S. (6 Pet.) 218, 242 (1832) (emphasis added). Rather, "those preliminaries on which the validity of [a patent] depend[ed], [were] examinable in the court in which a suit for its violation [was] brought." *Id.*; *see also Andrews v. Hovey*, 124 U.S. 694, 717 (1888) ("The question before us, as to the validity of a patent, by reason of pre-existing acts or omissions of the inventor, of the character of those involved in the present case, is not a question of executive administration, but is

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[3] The 1793 Patent Act was authored by Thomas Jefferson, who also served as the first administrator of the patent system. This Court has remarked that Jefferson's views on the patent system "are worthy of note." *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 7 (1966); *accord Bilski v. Kappos*, 561 U.S. 593, 636 (2010) (Stevens, J., concurring in judgment).

properly a judicial question."); *Bate Refrigerating Co. v. Sulzberger*, 157 U.S. 1, 33-34 (1895) (same).

While Congress later streamlined the procedures for challenging patents in the Patent Act of 1870, it nevertheless recognized that "every contested case" involving a patent's validity "must come sooner or later" into a court. Cong. Globe, 41st Cong., 2d Sess. 2878 (April 21, 1870) (statement of Rep. Jenckes). That recognition was rooted in a view of patents as traditional property rights. As the principal sponsor of the Patent Act of 1870 explained, American patent laws "recognize a man's right to the fruit of his own mind, upon the condition that he shall teach the public how to use his invention. . . . Property in ideas, and protection of that property for a limited period, is the vital principle of these laws." *Id.* Thus, "the first and original inventor of anything new and useful has a *vested right* to its protection by a patent for a limited term, upon the compliance by the inventor with certain mild and prudent conditions." *Id.* at 2879 (emphasis added).

Other early commentators on the patent system also expressed the view that patents secure property rights. For example, Joseph Barnes—a preeminent patent lawyer and one of the earliest commentators on American patents—wrote in an early treatise that "each American citizen has a constitutional right to claim that his property in the product of his genius, should be secured by the National Legislature." Bracha, *supra* at 404-05 (quoting Joseph Barnes, *Treatise on the Justice, Policy and Utility of Establishing an Effectual System for Promoting the Progress of Useful Arts by Assuring Property in the Products of Genius* 16 (1792)). And John Fitch—an early American inventor who invented and patented the steamboat—recognized that patents were obtained "as a matter of property." *Id.* (quoting F.D. Prager, *The Steamboat Interference 1787-1793*, 40 J. Pat. Off. Soc'y 611, 633 (1958)).

Prominent American thinkers continued to express this view as American patent law began to develop in the new century. In 1812, Chancellor James Kent recognized in a seminal patent decision that "the power granted to congress" is to "secure to the author or inventor a right of property." *Livingston v. Van Ingen*, 9 Johns. 507, 582 (N.Y. 1812); *see also Patterson v. Kentucky*, 97 U.S. 501, 508-09 (1878) (embracing Chancellor Kent's decision in *Livingston* because "as an expression of opinion by an eminent jurist as to the nature and extent of the rights secured by the Federal Constitution to inventors, it is entitled to great weight"). Similarly, in 1824, Daniel Webster declared before the House of Representatives that "the right of the inventor is a high property; it is the fruit of his mind—it belongs to him more than any other property—he does not inherit it—he takes it by no man's gift—it peculiarly belongs to him, and he ought to be protected in the enjoyment of it." 41 Annals of Cong. 934 (1824).

3. This Court has likewise treated patents as securing private property rights that must be resolved through judicial adjudication. More than two centuries ago, Chief Justice Marshall recognized that patents secure an "inchoate and indefeasible property in the thing discovered." *Evans*, 8 F. Cas. 872. He further expounded that "[t]his inchoate right is exclusive. It can be invaded or impaired by no person. No person can, without the consent of the inventor, acquire a property in the invention." *Id.*

Soon after, this Court confirmed that patents secure "exclusive property" that cannot be revoked in a "summary manner." *Ex parte Wood*, 22 U.S. (9 Wheat) 603, 609 (1824). In *Ex parte Wood*, Justice Story explained that the protection of patent rights "was deemed of so much importance" to the Framers that it was enshrined in the Constitution. As a result, he refused to interpret the Patent Act of 1793 to allow such rights to be "swe[pt]

away" in an expedited procedure to repeal a patent based on allegations that it was fraudulently obtained. *Id.* at 609. To the contrary, this Court concluded that it was simply implausible that "Congress, in a class of cases placed peculiarly within its patronage and protection, involving some of the dearest and most valuable rights which society acknowledges, and the constitution itself means to favour, would institute a new and summary process, which should finally adjudge upon those rights, without a trial by jury, without a right of appeal, and without any of those guards with which, in equity suits, it has fenced round the general administration of justice." *Id.* at 608.[4]

After this Court's pathmarking decision in *Ex parte Wood*, decision after decision followed in which the Court reaffirmed that patents secure property rights. In *McClurg v. Kingsland*, for example, this Court held that

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[4] This Court has similarly treated copyrights, which derive from the same constitutional language as patents, as private property rights. *See, e.g., eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006) ("Like a patent owner, a copyright holder possesses 'the right to exclude others from using his property.' (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932))); *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 347-52 (1998) (reviewing consistent historical practice of trying copyright actions for damages in courts of law, including English practice under which "[a]ctions seeking damages for infringement of common-law copyright, like actions seeking damages for invasions of other property rights, were tried in courts of law in actions on the case"); *Fox Film Corp.*, 286 U.S. at 128, 131 (holding that copyrights constitute private property subject to state taxation, despite being granted "in furtherance of a governmental policy of the United States" and stating that "royalties from copyrights stand in the same position as royalties from the use of patent rights, and what we have said as to the purposes of the government in relation to copyrights applies as well, mutatis mutandis, to patents which are granted under the same constitutional authority to promote the progress of science and useful arts").

"the right of property . . . exist[s] in a patentee," and refused to allow the repeal of the patent laws in effect at the time of issuance to "impair" those rights. 42 U.S. (1 How.) 202, 206-07 (1843). Just a few years later, the Court recognized that the executor of a patentee could authorize an extension application because a patent has "all the qualities and characteristics of property" and secures an "absolute and indefeasible interest and property in the subject of the invention." *Wilson v. Rousseau*, 45 U.S. (4 How.) 646, 673-754 (1846).

During the middle decades of the nineteenth century, the Court continued to affirm its view that patent rights are property rights in a variety of different contexts. *See, e.g., Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856) (recognizing that a patentee has the "right of property ... in his invention" and a "right to its exclusive use"); *Seymour*, 78 U.S. at 533 ("Inventions secured by letters patent are property in the holder of the patent, and as such are as much entitled to protection as any other property . . . ."); *Consol. Fruit-Jar Co. v. Wright*, 94 U.S. 92, 96 (1876) ("A patent for an invention is as much property as a patent for land."); *Cammeyer v. Newton*, 94 U.S. 225, 226 (1876) ("[T]he rule of law is well settled, that an invention so secured [by patent] is property in the holder of the patent, and that as such the right of the holder is as much entitled to protection as any other property. . . ."). And later, this Court held in a series of decisions that patents "cannot be appropriated or used by the government" because a patent "confers upon the patentee an exclusive property in the patented invention." *James*, 104 U.S. at 357-58; *accord United States v. Palmer*, 128 U.S. 262, 271 (1888) (same); *see also United States v. Am. Bell Tele. Co.*, 167 U.S. 224, 250 (1897) (rejecting the argument that a patentee is a "quasi trustee for the public" because a patent is an inventor's "absolute property").

Reviewing this consistent case law at the end of the nineteenth century, this Court announced that "it ha[d] been settled by repeated decisions of this court" that a patent is "the property of the patentee, and as such is entitled to the same legal protection as other property." *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 608-09 (1898). Accordingly, this Court instructed that "[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent." *Id.* at 609.

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Both in the United States at the time of the Founding and in concurrent English practice, patent disputes were heard by courts, and disputed questions of fact were decided by juries. The text of the Constitution, early congressional practice and this Court's decisions confirm that the Framers understood patents to secure a property right entitled to protection from the courts. Accordingly, the "exercise of judicial power" in this realm "may [not] be taken from the Article III Judiciary." *Stern*, 564 U.S. at 494-95.

CONCLUSION

The judgment below should be reversed.

Respectfully submitted.

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AUGUST 31, 2017